

What Insurers Need To Know About Fraud

State law requires insurers or self-insured employers to report fraudulent activities to the Fraud Unit. The Unit encourages you to call and discuss potential cases with an investigator if fraud is suspected.

The law also provides that in the absence of fraud, malice or bad faith, no person providing information to the Fraud Unit will be subject to civil liability.

Written referrals may be sent to the Unit at P.O. Box 20190, Cranston, Rhode Island 02920-0942



Referrals can be made in writing or by calling the Hotline at 401-462-8100 option #7

FRAUD PREVENTION SEMINARS

The Fraud Unit will meet with interested parties to discuss such issues as fraud detection and investigation, fraud prevention, and criminal prosecution of workers' compensation fraud.



WORKERS' COMPENSATION
FRAUD PREVENTION AND
COMPLIANCE UNIT

**P. O. Box 20190
Cranston, RI 02920-0942**

**Phone: 401-462-8100 option #7
Fax: 401-462-8128
Email: wcfraud@dlt.state.ri.us
Website: www.dlt.ri.gov/wc**

WORKERS' COMPENSATION FRAUD

What it is and how to prove it



RI DEPARTMENT OF LABOR AND TRAINING
WORKERS' COMPENSATION FRAUD UNIT

RI DEPARTMENT OF LABOR AND TRAINING
WORKERS' COMPENSATION FRAUD UNIT

Tel 401-462-8100 #7

06/22/04

HOW THE FRAUD UNIT INVESTIGATES FRAUD

The following pages provide some insight into what the Fraud Unit looks at when determining whether a case is eligible for criminal investigation.

In all criminal cases, documentation is key. False statements are the basis for proving workers' compensation fraud.

False statements in claimant fraud are often based on the Report of Earnings form, check endorsement and Independent Medical Examination reports. These records should be used in dealing with all claims, not merely claims suspected of wrongdoing. When evidence of fraud arises, the documentation will then be in place.

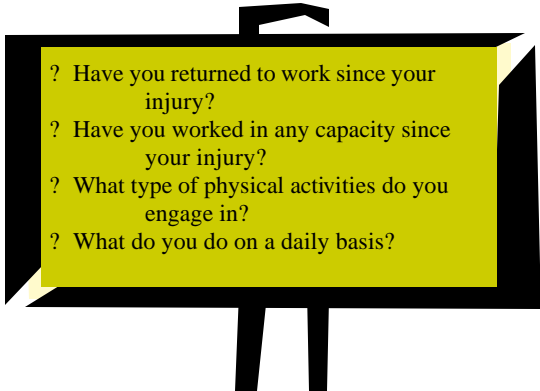
False statements in employer fraud are generally found in insurer audits and communications with the employer.

When information is developed using these guidelines the Unit can begin to analyze cases for criminal conduct and intent. Any case rising to the level of criminal activity is forwarded to the Attorney General for prosecutorial review.

PROVING CLAIMANT FRAUD

Independent Medical Exams

The Fraud Unit advises that the following questions be asked and documented in all IME reports. The employee's responses to these questions provide vital information to the Fraud Unit.

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- ? Have you returned to work since your injury?
 - ? Have you worked in any capacity since your injury?
 - ? What type of physical activities do you engage in?
 - ? What do you do on a daily basis?

Report of Earnings Form

Claimants are required to report any earnings they receive while collecting benefits. The insurer or self-insured employer must send a Report of Earnings Form {ROE} (DWC-25) to the claimant to complete and return.

The ROE form should be sent to each claimant at reasonable intervals, but at least twice a year. The Fraud Unit encourages you to have claimants sign a ROE prior to settling a claim. ROE forms should be sent with a benefit check to ensure receipt if not returned initially.

Endorsement of Benefit Checks

The law requires insurers or self-insured employers to notify the claimant of the effect of their endorsement of a benefit check by sending the Notice to Employees Regarding the Effect of Endorsement of Benefit Check Form (DWC-32).

The law also requires that specific language be printed on the back of the benefit check. The employee's endorsement is their statement of entitlement to benefits.



PROVING EMPLOYER FRAUD

Premium Fraud

Employers that intentionally provide false information to obtain workers' compensation insurance at less than the proper rate may be subject to criminal prosecution. Key documentation in proving premium fraud will be the auditor's report and communications with the insured.

False Statements

Any employer who intentionally makes false statements to prevent an employee from obtaining benefits is also subject to prosecution.